

New Jersey State Board of Accountancy Laws

45:2B-42 Short title

1. This act shall be known and may be cited as the "Accountancy Act of 1997."

L.1997,c.259,s.1.

45:2B-43 Findings, declarations relative to practice of accounting

2. The Legislature finds and declares that it is the policy of this State, and the purpose of this act, to promote the reliability of information that is used for guidance in financial transactions or for accounting for or assessing the financial status or performance of commercial, noncommercial, and governmental enterprises. The public interest requires that persons preparing financial statements accompanied by reports or professing special competence in accountancy or offering assurance as to the reliability or fairness of presentation of such information shall have demonstrated their qualifications to do so, and that persons who have not demonstrated and maintained those qualifications, including license holders not in public practice, shall not be permitted to hold themselves out as having that special competence or to offer that assurance; that the professional conduct of persons licensed as having special competence in accountancy be regulated in all aspects of the practice of public accountancy; that a public authority competent to prescribe and assess the qualifications and to regulate the professional conduct of practitioners of public accountancy be established; and the use of titles relating to the practice of public accountancy that are likely to mislead the public as to the status or competence of the persons using those titles be prohibited.

L.1997,c.259,s.2.

45:2B-44 Definitions relative to the practice of accounting.

3. As used in this act:

"Attest" means providing any of the following financial statement services: any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS); any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS); any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); and any engagement to be performed in accordance with the auditing standards of the Public Company Accounting Oversight Board (PCAOB). The statements on standards specified herein shall be adopted by regulation by the board and shall be in accordance with standards developed for general application by recognized national accountancy organizations such as the American Institute of Certified Public Accountants and the PCAOB.

"Board" means the New Jersey State Board of Accountancy.

"Compilation" means providing a service, to be performed in accordance with Statements on Standards for Accounting and Review Services (SSARS), by presenting, in the form of financial statements, information that is the representation of management or owners without undertaking to express any assurance on the statements.

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"Financial statements" means statements and related footnotes that purport to present an actual or a prospective financial position at a particular time, or results of operations, cash flow, or changes in financial position for a period of time, in conformity with generally accepted accounting principles or another comprehensive basis of accounting. The term includes specific elements, accounts or items of such statements, but does not include: incidental financial data included in management advisory service reports to support recommendations to a client; or tax returns and supporting schedules.

"Firm" means a sole proprietorship, a professional corporation, a partnership, a limited liability company, a limited liability partnership, or any other lawful form of business organization.

"Home office" means the location specified by the client as the address to which a service described in subsection d. of section 6 of P.L.2008, c.45 (C.45:2B-50.1) is directed.

"License" means a license or registration issued to an individual or firm permitting the individual or firm to practice public accountancy.

"Licensee" means the holder of a license issued pursuant to this act.

"Manager" means a manager of a limited liability company.

"Member" means a member of a limited liability company.

"Nonlicensee" means a person not licensed as a certified public accountant or a public accountant of any state or possession of the United States or the District of Columbia.

"Owner of a firm" means any person with an equity or equivalent interest in a firm, such as a shareholder with respect to a corporation or a partner with respect to a partnership, or an individual with respect to a sole proprietorship.

"Practice of public accountancy" means the performance or the offering to perform attest services for a client or potential client, by a licensee, registered firm or individual qualifying for practice privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1). The "practice of public accountancy" also means the performance or the offering to perform by a licensee or individual qualifying for practice privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1) of one or more of the following: a compilation of a financial statement to be performed in accordance with SSARS, management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters.

"Practice unit" means any office of a firm registered with the board to engage in the practice of public accountancy in the State of New Jersey.

"Principal place of business" means the office location designated by a licensee for purposes of substantial equivalency and reciprocity.

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"Quality review" means a study, appraisal or review of one or more aspects of the professional work of a licensee, or individual qualifying for practice privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1), or registered firm that performs attest or compilation services, by a person who is a certified public accountant or public accountant and who is not affiliated with the licensee, the individual qualified for practice privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1), or registered firm being reviewed.

"Report" when used with reference to financial statements, means an opinion, report, or other form of language that states or implies assurance as to the reliability of any financial statement and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The term "report" includes any form of language which disclaims an opinion when that form of language is conventionally understood to imply any positive assurance as to the reliability of the financial statement referred to or special competence on the part of the person or firm issuing that language, or both; and it includes any other form of language that is conventionally understood to imply that assurance or that special knowledge or competence, or both.

L.1997, c.259, s.3; amended 1999, c.215, s.1; 2001, c.149, s.1; 2008, c.45, s.1.

45:2B-45 New Jersey State Board of Accountancy

4. The New Jersey State Board of Public Accountants created and established by P.L.1904, c.230 as amended and supplemented, continued by R.S.45:2-1 and further continued and constituted as the New Jersey State Board of Certified Public Accountants by P.L.1965, c.99, and further continued and constituted as the New Jersey State Board of Accountancy by P.L.1977, c.144, is further continued as the New Jersey State Board of Accountancy and the members and officers of that board as presently constituted shall continue to hold office until the expiration of their terms.

Wherever in any law, rule, regulation, contract, document, judicial or administrative proceeding or otherwise, reference is made to the New Jersey State Board of Certified Public Accountants, the same shall mean and refer to the New Jersey State Board of Accountancy.

L.1997,c.259,s.4.

45:2B-46. Membership; terms; vacancies; removal

5. The board shall consist of 12 members, seven of whom shall have been engaged in practice as certified public accountants and two of whom shall have been engaged in practice as public accountants in this State, two of whom shall be public members and one of whom shall be a State executive department member. Each certified public accountant board member and public accountant board member shall maintain an active license in New Jersey during his term of service on the board. Each certified public accountant member, public accountant member, and public member shall be appointed by the Governor for a term of three years and shall hold office until reappointed or a successor is appointed and qualified. Any vacancy on the board

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shall be filled by the Governor for the unexpired term only.

The public members and the State executive department member shall be appointed by the Governor in accordance with and subject to the provisions of P.L.1971, c.60 (C.45:1-2.1 et seq.).

Except for the State executive department member, no member may serve more than two successive terms in addition to any unexpired term to which he has been appointed, except that any member who has served two such successive terms may be reappointed after an intervening period of one year.

The Governor may remove any member of the board, other than the State executive department member, for cause, upon notice and opportunity to be heard.

L.1997,c.259,s.5; amended 2001, c.149, s.2.

45:2B-47 Oath by members of board, officers, rules, etc.

6. a. Before entering upon the discharge of their duties, the members of the board shall take and subscribe an oath for the faithful performance of their duties before the Attorney General or any officer authorized to administer oaths in this State and file the same with the Secretary of State.

b. Subject to the approval of the Attorney General, the members of the board shall annually elect a president, a vice president, a treasurer and a secretary from among their members.

c. Notwithstanding the provisions of any other law, the Attorney General shall appoint, as chief administrative officer of the board, an executive director who shall not be a member of the board and who shall serve at the pleasure of the Attorney General. The duties of the executive director shall be determined by the Attorney General. The executive director shall not engage in the practice of public accounting.

d. A majority of the members of the board shall constitute a quorum and no action of the board shall be taken except upon the affirmative vote of a majority of the members of the entire board.

e. Members of the board shall be reimbursed for actual expenses reasonably incurred in the performance of their official duties and shall receive that compensation as determined by the Attorney General. The executive director shall receive that compensation as determined by the Attorney General within the limit of available funds.

f. Expenditures of the board in any fiscal year shall not exceed board revenues and all expenditures shall be in accordance with the provisions of this act and the annual appropriations act.

g. Subject to the approval of the Attorney General, the board may adopt rules and

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regulations as necessary to implement the provisions of this act, including, without limitations, rules and regulations governing professional conduct.

h. Subject to the provisions of subsection f. of this section, the board may appoint committees or persons to advise or assist the board in the administration and enforcement of this act.

L.1997,c.259,s.6.

45:2B-48 Powers of board

7. The board shall, in addition to any other powers granted under this act:

a. Administer and enforce the provisions of this act;

b. Adopt and promulgate rules, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate the purposes of this act;

c. Establish rules of professional conduct for persons licensed under this act, including, but not limited to, prohibiting the payment to, or receipt or offering of a commission or contingency fee by a licensee and establishing requirements for written disclosures in transactions involving a client of the licensee's accounting practice;

d. Conduct hearings pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.). In any hearing or investigation, the board shall have the right to administer oaths to witnesses, and shall have the power to issue subpoenas for the compulsory attendance of witnesses and the production of pertinent books, papers, or records;

e. Take such action as is necessary before any board, agency or court of competent jurisdiction for the enforcement of the provisions of this act;

f. Evaluate and pass upon the qualification of candidates for licensure;

g. Adopt and administer the examinations to be taken by applicants for licensure;

h. Prescribe or change the fees for examinations, licensing, registrations, certifications, renewals, or other services performed pursuant to the provisions of P.L.1974, c.46 (C.45:1-3.1 et seq.);

i. Subject to the requirements of this act, establish standards for and approve continuing education programs and sponsors of continuing education programs; and

j. Have the investigative and enforcement powers provided pursuant to P.L.1978, c.73 (C.45:1-14 et seq.).

L.1997,c.259,s.7.

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45:2B-49 Application for licensure; requirements.

8. Every applicant for examination for licensure as a certified public accountant shall present to the board a written application on a form to be provided by the board, together with the required fee, and satisfactory proof of the following:

- a. That the applicant is at least 18 years of age;
- b. That the applicant is of good moral character; and

c. That the applicant has at least 120 semester hours of education, including a baccalaureate or higher degree or its equivalent, from an institution of higher education accredited by a regional accrediting agency recognized by the Commission on Higher Education, except that no applicant shall be issued a license unless he has successfully completed at least 150 hours of education. The educational program shall include a concentration in accounting or its equivalent and related professional courses as determined by regulation of the board.

L.1997,c.259,s.8; amended 2001, c.149, s.3; 2005, C.104.

45:2B-50 Examination required for issuance of license

9. Except as otherwise provided, no person shall be issued a license by the board to practice as a certified public accountant until he has passed all sections of an examination designated by the board with a passing grade of 75 in each section. If the candidate does not pass all of the sections of the examination at one sitting, he may be reexamined with respect to the sections which he did not pass, under terms and conditions established by the board.

Examinations shall be given by the board at least twice a year, and any person who wishes to sit for an examination shall apply to the board at least 60 days prior to the date of the examination. The board may make use of the Uniform Certified Public Accountant Examination, or the Advisor Grading Service of the American Institute of Certified Public Accountants, or any other examination offered by an organization recognized by the board, which the board deems appropriate.

L.1997,c.259,s.9.

45:2B-50.1 Standards for individual with principal place of business out-of-State.

6. a. An individual whose principal place of business is not in this State shall be presumed to have qualifications substantially equivalent to this State's requirements for certified public accountants and shall have all the privileges of licensed certified public accountants of this State without the need to obtain a license under P.L.1997, c.259 (C.45:2B-42 et seq.) or to notify the board or pay any fee if that individual:

(1) Holds a valid license as a certified public accountant from any state which the National Association of State Boards of Accountancy's (NASBA) National Qualification Appraisal Service has verified to be in substantial equivalence with the certified public

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accountant licensure requirements of the American Institute of Certified Public Accountants AICPA/NASBA Uniform Accountancy Act; or

(2) Holds a valid license as a certified public accountant from any state which the NASBA's National Qualification Appraisal Service has not verified to be in substantial equivalence with the certified public accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act, but that individual obtains from the NASBA's National Qualification Appraisal Service verification that the individual's personal certified public accountant qualifications are substantially equivalent to the certified public accountant licensure requirements of the AICPA/NASBA Uniform Accountancy Act.

b. In accordance with the provisions of this section and notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person or by mail, telephone, or electronic means, shall be granted practice privileges in this State and no notice or other submission shall be required of that individual. Such individual shall be subject to the requirements of subsection c. of this section.

c. An individual licensee of another state exercising the privilege afforded by this section and the firm that employs that licensee hereby simultaneously consent, as a condition of exercising that privilege:

(1) To the personal and subject matter jurisdiction and disciplinary authority of the board;

(2) To comply with P.L.1997, c.259 (C.45:2B-42 et seq.) and the regulations promulgated pursuant to that act;

(3) That in the event the license from the state of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in this State individually and on behalf of a firm; and

(4) To the appointment of the state board or other authority that issued the individual's license as the individual's agent upon which process may be served in any action or proceeding by this State's board against the licensee.

d. An individual who has been granted the practice privilege under this section who, for any entity with its home office in this State, performs any of the following services:

(1) A financial statement audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);

(2) An examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); or

(3) An engagement to be performed in accordance with the Public Company Accounting Oversight Board (PCAOB) Auditing Standards;

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may only do so through a firm which has registered with the board under section 13 of P.L.1997, c.259 (C.45:2B-54).

e. A licensee of this State offering or rendering services or using a title provided in section 21 of P.L.1997, c.259 (C.45:2B-62) in another state shall be subject to disciplinary action in this State for an action committed in another state for which the licensee would be subject to discipline for an act committed in that state. The board shall investigate any complaint made by the board of accountancy or other licensing authority of another state.

f. Any individual who passed the Uniform Certified Public Accountant Examination and holds a valid license issued by any other state prior to January 1, 2012 shall be exempt from the 150 hour education requirement in subsection c. of section 8 of P.L.1997, c.259 (C.45:2B-49).

L.2008, c.45, s.7.

45:2B-51 Requirements for licensure

10. a. Except as provided in subsection b. of this section, every applicant for licensure as a certified public accountant, having passed the examination in compliance with the provisions of section 9 of this act, shall provide satisfactory proof to the board that:

(1) The applicant has had one year of experience in the practice of public accountancy or its equivalent, under the direction of a licensee meeting requirements prescribed by the board; and

(2) The experience includes evidence of intensive and diversified experience in auditing or accounting as determined by regulation of the board.

b. (1) For six years following the effective date of this act, an applicant for licensure as a certified public accountant who has acquired, prior to the effective date of this act, not less than four years of experience deemed acceptable to the board in government, industry or education shall be exempt from the experience requirements of subsection a. of this section; and

(2) For four years following the effective date of this act, an applicant for licensure as a certified public accountant who is working in government, industry or education as of the effective date of this act shall be exempted from the experience requirements of subsection a. of this section so long as that applicant satisfactorily completes not less than four years of experience acceptable to the board.

L.1997,c.259,s.10.

45:2B-52 Persons currently registered continue to hold designation

11. Any person who is registered as a public accountant pursuant to the provisions of section 13 of P.L.1977, c.144 (C.45:2B-13) on the effective date of this act shall continue to hold that designation under the terms of this act, and shall be registered with the board and eligible for

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the renewal of any license issued by the board prior to the effective date of this act.

L.1997,c.259,s.11.

45:2B-53 Waiving of examination

12. a. The board may waive the examination of, and issue a license to, any person who is of good moral character, and who, at the time of his application, holds a valid and unrevoked license as a certified public accountant issued by or under the authority of any state or possession of the United States or the District of Columbia which has education, experience, examination and re-examination requirements which are substantially equivalent to the requirements of this act and the regulations promulgated pursuant to this act for the issuance of a license as a certified public accountant.

b. The board may waive the examination of, and issue a license to, an applicant who within 10 years immediately preceding the date of application has held a valid and unrevoked license as a certified public accountant issued by or under the authority of any state or possession of the United States or the District of Columbia, and who has had four years of experience outside of this State of the type described in subsection a. of section 10 of P.L.1997, c. 259 (C.45:2B-51), or meets equivalent requirements prescribed by the board by regulation, after passing the examination upon which the applicant's license was based with grades that would have been passing grades at the time in this State. If an applicant's certificate, license or permit was issued no less than six years prior to the application for issuance of an initial license under this section, that applicant shall have also fulfilled the requirements of continuing professional education that would have been applicable under the rules of this State to be eligible for licensure under the provisions of subsection a. of section 27 of P.L.1997, c.259 (C.45:2B-68).

c. The board shall issue a license as a certified public accountant to a holder of a foreign designation, granted in a foreign country entitling the holder thereof to engage in the practice of public accountancy if:

(1) The foreign authority which granted the designation makes similar provision to allow a person who holds a valid license issued by this State to obtain that foreign authority's comparable designation; and

(2) The foreign designation:

(a) was duly issued by a foreign authority that regulates the practice of public accountancy and the foreign designation has not expired or been revoked or suspended;

(b) entitles the holder to issue reports upon a financial statement; and

(c) was issued upon the basis of educational, examination, and experience requirements established by the foreign authority or by law; and

(3) The applicant:

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(a) received the designation, based on educational and examination standards substantially equivalent to those in effect in this State, at the time the foreign designation was granted;

(b) completed an experience requirement, substantially equivalent to the requirement set out in section 10 of this act, in the jurisdiction which granted the foreign designation, or has completed four years of experience of the type described in subsection a. of section 10 of P.L.1997, c.259 (C.45:2B-51); or meets equivalent requirements prescribed by the board, within the 10 years immediately preceding the application; and

(c) passed a uniform qualifying examination in national standards acceptable to the board and an examination on the laws, regulations and code of ethical conduct in effect in this State.

An applicant seeking licensure under this subsection shall in the application list all jurisdictions, foreign and domestic, in which the applicant has applied for or holds a designation to practice public accountancy, and each holder of a license issued under this subsection shall notify the board in writing, within thirty days after its occurrence, of any issuance, denial, revocation or suspension of a designation or commencement of a disciplinary or enforcement action by any jurisdiction.

L.1997,c.259,s.12; amended 2001, c.149, s.4.

45:2B-54 Requirements for registration of firm in practice of attest services or public accountancy.

13. a. The board shall only grant or renew registration to a firm engaged in the practice of attest services or public accountancy if that firm meets the requirements provided in this section.

(1) A firm shall register with the board if it:

(a) Has an office in this State engaged in the practice of attest services;

(b) Has an office in this State that uses the title "Certified Public Accountant," "CPA," "Certified Public Accountant firm," or "CPA firm;" or

(c) Does not have an office in this State, but performs services described in subsection d. of section 6 of P.L.2008, c.45 (C.45:2B-50.1) for a client having its home office in this State.

(2) A firm that does not have an office in this State may perform compilation services or review financial statements in accordance with the Statements on Standards for Accounting and Review Services (SSARS), and may practice public accountancy as authorized under this section, for a client having its home office in this State and may use the title "Certified Public Accountant," "CPA," "Certified Public Account firm," or "CPA firm," without registering with the board if:

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(a) It has the qualifications described in section 26 of P.L.1997, c.259 (C.45:2B-67) and in subsection a. of section 5 of P.L.1999, c.215 (C.45:2B-54.1); and

(b) It performs those services through an individual with practice privileges under section 6 of P.L.2008, c.45 (C.45:2B-50.1).

(3) A firm that is not subject to the requirements of paragraph (1) or (2) of this subsection may perform other professional services included in the practice of public accountancy while using the title "Certified Public Accountant," "CPA," "Certified Public Account firm," or "CPA firm" in this State without registering with the board if:

(a) It performs those services through an individual with practice privileges under subsection d. of section 6 of P.L.2008, c.45 (C.45:2B-50.1); and

(b) It can lawfully do so in the state where those individuals with practice privileges have their principal place of business.

(4) A firm with an office in this State that is engaged in the practice of public accountancy but not performing attest services, shall be eligible to register with the board as a firm of certified public accountants.

b. A firm seeking to register with the board shall meet the following requirements:

(1) At least one owner of the firm shall be a certified public accountant in good standing, and licensed to practice public accountancy in this State, except that this requirement is waived for firms that perform services for which firm registration is required under subparagraph (c) of paragraph (1) of subsection a. of this section through an individual who qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1);

(2) Each owner of the firm, other than a nonlicensee, shall be a certified public accountant of any state or possession of the United States or the District of Columbia in good standing, and licensed to practice public accountancy where licensed;

(3) There shall be a certified public accountant in the firm who has ultimate responsibility for each attest engagement. On all firm applications and renewal forms, a licensee or an individual who qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1) shall be designated as responsible and in charge of all professional matters relating to the practice of accountancy by the registered firm. Each resident manager in charge of a practice unit of a firm in this State and each owner thereof, other than a nonlicensee, personally engaged within this State in the practice of public accountancy shall be a certified public accountant in good standing, and licensed to practice public accountancy in this State, or shall be an individual who qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1).

c. Application for registration of a firm shall be made upon the affidavit of an owner

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of the firm who is a certified public accountant in good standing and licensed to practice public accountancy in this State or who qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1). The board shall in each case determine whether the applicant is eligible for registration. A firm which is so registered may use the words "certified public accountant" or the abbreviation "CPAs" in connection with its firm name. Notification shall be given to the board within 90 days after admission or withdrawal of an owner licensed and practicing in this State from any firm so registered.

L.1997, c.259, s.13; amended 1999, c.215, s.2; 2001, c.149, s.5; 2008, c.45, s.2.

45:2B-54.1. Requirements for non-licensed owners

5. a. A firm registered under P.L 1997, c.259 (C.45:2B-42 et seq.) as a firm of certified public accountants or public accountants may have owners who are not licensed as certified public accountants or public accountants if it meets the following requirements:

(1) Nonlicensee owners shall be natural persons or entities, including, but not limited to, partnerships and professional corporations, provided that each ultimate beneficial owner of an equity interest in that entity shall be a natural person materially participating in the business conducted by the firm or entity affiliated with the firm;

(2) The ownership interest of nonlicensee owners shall revert to the firm upon the cessation of any material participation by the nonlicensee owner in the business conducted by the firm or entity;

(3) Persons who are licensed to practice public accountancy in any state or possession of the United States or the District of Columbia shall in the aggregate, directly or beneficially, comprise not less than half of the owners, hold more than half of the equity capital, and possess majority voting rights of the firm; and

(4) Nonlicensee owners shall not hold themselves out as certified public accountants or public accountants.

b. Except as otherwise permitted by the board, a person shall not become a nonlicensee owner or remain a nonlicensee owner if the person has:

(1) Been convicted of any crime, an element of which is dishonesty or fraud, under the laws of this State or any other state, of the United States, or of any other jurisdiction. A conviction includes the initial plea, verdict, or finding of guilty, pleas of no contest, or pronouncement of sentence by a trial court, notwithstanding that conviction may not be final or sentence actually imposed until appeals are exhausted;

(2) Had a professional license or the right to practice revoked or suspended for reasons other than nonpayment of fees, or has voluntarily surrendered a license or right to practice with disciplinary charges or a disciplinary investigation pending, which license or right to practice has not been reinstated by a licensing agency of this State or any other state, of the United States, or of any other jurisdiction;

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(3) Been in violation of P.L.1997, c.259 (C.45:2B-42 et seq.) or any regulation promulgated by the board under that act.

c. A nonlicensee owner of a licensed firm shall report to the board in writing of the occurrence of any of the events set forth in subsection b. of this section within 30 days of the date the nonlicensee owner has knowledge of the event. The report shall identify the event by the name of the agency or court, the title of the matter, the docket number, and the date of occurrence of the event.

L.1999,c.215,s.5; amended 2001, c.149, s.6.

45:2B-55 Requirements for registration as firm of public accountants.

14. a. A firm engaged in this State in the practice of attest services and not otherwise registered with the board or exempt from registration under section 13 of P.L.1997, c.259 (C.45:2B-54) shall be required to register with the board as a firm of public accountants. A firm engaged in the practice of public accountancy, but not performing attest services, shall be eligible to register with the board as a firm of public accountants. In either case, the firm shall meet the following requirements:

(1) At least one owner of a firm shall be a public accountant or certified public accountant in good standing, and licensed to practice public accountancy in this State;

(2) Each owner of the firm, other than a nonlicensee, shall be a public accountant or certified public accountant of any state or possession of the United States or the District of Columbia in good standing, and licensed to practice public accountancy where licensed;

(3) There shall be a public accountant or certified public accountant in the firm who has ultimate responsibility for each attest engagement. On all firm applications and renewal forms, a licensee shall be designated as responsible and in charge of all professional matters relating to the practice of accountancy by the registered firm. Each resident manager in charge of a practice unit of a firm in this State and each owner thereof, other than a nonlicensee, personally engaged within this State in the practice of public accounting shall be a public accountant or a certified public accountant of this State in good standing and licensed to practice public accountancy in this State.

b. Application for registration of a firm shall be made upon the affidavit of an owner of the firm who is a public accountant or certified public accountant of this State in good standing and licensed to practice public accountancy in this State. The board shall in each case determine whether the applicant is eligible for registration. A firm which is so registered may use the words "public accountant" or the abbreviation "PAs" in connection with its firm name. Notification shall be given to the board within 90 days after admission or withdrawal of an owner licensed and practicing in this State from any firm so registered.

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L.1997, c.259, s.14; amended 1999, c.215, s.3; 2001, c.149, s.7; 2008, c.45, s.3.

45:2B-57 Triennial registration for firm; fee

16. Each firm established or maintained in this State for the practice of public accountancy by certified public accountants or public accountants shall triennially register with and pay to the board a triennial registration fee. Each practice unit shall be under the direct supervision of a resident manager who may be either an owner or a staff employee licensed under this act.

L.1997,c.259,s.16.

45:2B-58 Triennial renewal of license; fee

17. Every certified public accountant and public accountant licensed to practice public accountancy within this State shall renew his license triennially with the board and pay a triennial license fee established by the board by regulation.

Notice of the failure to renew a license and pay the triennial license fee shall be given to any person who fails to do so within 60 days following the license expiration date, which notice shall state that, upon the continued failure to pay that fee, the license issued to that individual will be forfeited at the time and place stated in the notice, unless the fee is paid by the specified time. The board may make rules regarding the reissuance of a license to any person whose license has been forfeited under this section.

An individual paying the triennial license fee, in addition to furnishing any other information which the board may require, shall state in the application whether any license as a certified public accountant or public accountant or any charter as a chartered accountant or any other license, permit or registration to practice public accountancy ever issued to or made for that individual by any state or political subdivision of the United States, or by any foreign country or political subdivision thereof, or by any professional accounting organization, has been revoked or suspended, and, if so, state those facts relating to that revocation or suspension as the board may require.

No certified public accountant, public accountant, registered municipal accountant or public school accountant of this State, who has not renewed his license pursuant to the requirements of this section, shall, during that period, hold himself out to be engaged in practice as a certified public accountant, public accountant, registered municipal accountant or public school accountant within this State.

L.1997,c.259,s.17.

45:2B-59 Revocation of license, registration

18. a. After notice and an opportunity to be heard, the board may: revoke any license or registration issued under this act; suspend any license or registration or refuse to renew any license or registration; reprimand, censure, or limit the scope of practice of any licensee; impose an administrative fine; or place any licensee on probation, for any of the following reasons:

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- (1) Fraud, deceit or misrepresentation in obtaining a license or registration;
 - (2) Cancellation, revocation, suspension or refusal to renew the authority to engage in the practice of public accountancy in any other state for reasons consistent with this section;
 - (3) Failure, on the part of a holder of a license or registration, to maintain compliance with the requirements for issuance or renewal of that license or registration or to report changes to the board in the name or composition of any firm or individual licensed or registered in this State, or a change in the status of a license of a firm licensed in any other jurisdiction;
 - (4) Revocation or suspension of the right to practice before any state or federal agency;
 - (5) Dishonesty, fraud, gross negligence or repeated acts of negligence in the practice of public accountancy or in the filing or failure to file the licensee's or registrant's own income tax returns;
 - (6) Violation of any provision of this act or regulation promulgated by the board under this act;
 - (7) Violation of any rule of professional conduct promulgated by the board under this act;
 - (8) Conviction of a crime, an element of which is dishonesty or fraud, under the laws of the United States, of this State, or any other state, if the acts involved would have constituted a crime of the first, second, third or fourth degree under the laws of this State;
 - (9) Performance of any fraudulent act while holding a license or registration issued under this act, or prior laws regulating accountants in this State;
 - (10) Any conduct reflecting adversely upon the licensee's fitness to engage in the practice of public accountancy;
 - (11) If the licensee is incapable for medical or any other good cause of discharging the functions of a licensee in the manner consistent with the public's health, safety and welfare; or
 - (12) The failure of an individual or a firm to have all the qualifications prescribed by any provision of this act under which the individual or firm qualified for registration or licensing.
- b. The board may impose any other disciplinary sanction or civil penalties pursuant to the provisions of P.L.1978, c.73 (C.45:1-14 et seq.).
 - c. In lieu of or in addition to any remedy provided in subsection a. or b. of this section, the board may require of a licensee or registrant:
 - (1) A quality review conducted in a manner as specified by the board in accordance with the provisions of section 26 of this act.

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(2) Satisfactory completion of continuing professional education programs required by the board pursuant to the provisions of section 27 or 30 of this act.

(3) Appropriate community service as the board may require.

d. In any proceeding in which a remedy provided by subsection a., b. or c. of this section is imposed, the board may also require the respondent licensee or registrant to pay the cost of the proceeding.

L.1997,c.259,s.18.

45:2B-60 Modification of suspension, reissuance of license, registration

19. a. In any case where the board has suspended or revoked a license or registration or refused to renew a license or registration, the board may, upon application in writing by the person or firm affected and for good cause shown, modify the suspension, or reissue the license or registration.

b. The board shall prescribe the manner in which such an application shall be made, the time within which it shall be made, and the circumstances in which hearings or applications will be held.

c. Before reissuing, or terminating the suspension of a license or registration under this section, and as a condition of reissuance or termination of suspension, the board may require the applicant to show successful completion of the continuing professional education requirements of this act; and the board may make the reinstatement of a license or registration conditional and subject to satisfactory completion of a quality review conducted in a manner required by the board.

L.1997,c.259,s.19.

45:2B-61 Issuance of report on financial statements prohibited; exceptions.

20. a. No individual or firm shall issue a report on financial statements of any other individual, firm, organization, or governmental unit unless that person or firm holds a valid license or registration issued under this act, qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1), or is exempt from registration under section 13 of P.L.1997, c.259 (C.45:2B-54), except that this prohibition shall not apply to: an officer, partner, member, manager or employee of any firm or organization affixing that person's own signature to any statement or report in reference to the financial affairs of that firm or organization with any wording designating the position, title or office that the person holds in the firm or organization; any act of a public official or employee in the performance of that person's duties; the performance by any person of other services involving the use of accounting skills, including the preparation of tax returns or financial statements prepared without the issuance of reports, or providing a management advisory service.

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b. The prohibition contained in subsection a. of this section is applicable to the issuance, by a person not holding a valid license or a firm not holding a valid registration, of a report using any form of language conventionally used by licensees respecting review of financial statements or compilation of financial statements.

L.1997, c.259, s.20; amended 2008, c.45, s.4.

45:2B-62 Use of title, designation requires licensure, registration; exceptions.

21. a. No person shall use or assume the title or designation "certified public accountant," or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant unless that person holds a current license as a certified public accountant under this act or qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1).

b. No firm shall use or assume the title or designation "certified public accountant," or the abbreviation "CPA," unless otherwise provided for by law, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of certified public accountants, unless the firm holds a current registration issued under this act or is exempt from registration under section 13 of P.L.1997, c.259 (C.45:2B-54).

c. No person shall use or assume the title or designation "public accountant," or the abbreviation "PA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a public accountant unless that person holds a current license as a public accountant under this act.

d. No firm shall use or assume the title or designation "public accountant," or the abbreviation "PA," unless otherwise provided for by law, or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of public accountants, unless the firm holds a current registration issued under this act.

e. No person or firm shall use or assume the title or designation "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited accountant," or any other title or designation likely to be confused with the titles "certified public accountant" or "public accountant," or use any of the abbreviations "CA," "LA," "RA," "AA," or similar abbreviations likely to be confused with the abbreviations "CPA" or "PA," unless that person or firm holds a current license or registration issued under this act, qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1), or is exempt from registration under section 13 of P.L.1997, c.259 (C.45:2B-54).

f. No person or firm shall use or assume the title "enrolled agent" or "EA," unless so designated by the Internal Revenue Service.

g. No person or firm shall use or assume any title or designation that includes the words "accountant," "auditor," or "accounting" in connection with any other language, including

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the language of a report, that implies that the person or firm holds such a certificate, permit, or registration or has special competence as an accountant or auditor, unless that person or firm holds a current license or registration issued under this act, qualifies for the practice privilege under section 6 of P.L.2008, c.45 (C.45:2B-50.1), or is exempt from registration under section 13 of P.L.1997, c.259 (C.45:2B-54), except that this subsection shall not prohibit any officer, partner, member, manager, or employee of any firm or organization from affixing that person's own signature to any statement in reference to the financial affairs of that firm or organization with any wording designating the positions, title, or office that the person holds in the firm or organization, nor shall this subsection prohibit any act of a public official or employee in the performance of the person's duties.

h. No person holding a license or firm holding a registration under this act shall engage in the practice of public accountancy using a professional or firm name or designation that is misleading with regard to the form in which the firm is organized, or about the persons who are partners, officers, members, managers or shareholders of the firm, or about any other matter, except that names of one or more former partners, members, managers, or shareholders may be included in the name of a firm or its successor.

i. The provisions of this section shall not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country, entitling the holder thereof to engage in the practice of public accountancy or its equivalent in that country, whose activities in this State are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds that entitlement, so long as that person or firm issues no reports with respect to the financial statements of any other persons, firms, or governmental units in this State, and does not use in this State any titles or designation other than the one under which the person practices in the foreign country, followed by a translation of that title or designation into the English language, if it is in a different language, and by the name of that country.

j. A financial services corporation, the voting stock of which is traded on a recognized exchange or over-the-counter, may use the truthful fact in advertising that the firm employs certified public accountants.

k. Notwithstanding any other provision of this section, it shall not be a violation of P.L.1997, c.259 (C.45:2B-42 et seq.) for a firm that has not registered with the board and that does not have an office in this State to provide professional services in this State so long as it complies with paragraph (2) or paragraph (3) of subsection a. of section 13 of P.L.1997, c.259 (C.45:2B-54).

L.1997, c.259, s.21; amended 1999, c.215, s.4; 2001, c.149, s.8; 2008, c.45, s.5.

45:2B-63 Violations, referral to authority; immunity of board members

22. Whenever, by reason of an investigation, the board shall have reason to believe that there has been a violation of the laws of this State, the board may refer the matter and any information pertaining to the matter to the Attorney General of this State or the appropriate civil or criminal law enforcement authority. Each member of the board shall have immunity from any

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civil or criminal liability on account of these referrals, unless a member has acted in bad faith or with malicious purpose.

L.1997,c.259,s.22.

45:2B-64 Single prohibited act justifies penalty

23. In any action brought under this act, evidence of the commission of a single act prohibited by this act shall be sufficient to justify a penalty, injunction, restraining order, or conviction, respectively, without evidence of a general course of conduct.

L.1997,c.259,s.23.

45:2B-65 Disclosure of client information

24. Except by permission of the client engaging a licensee or firm under this act, or the heirs, successors, or personal representatives of that client, no licensee or partner, officer, member, manager, shareholder, or employee of a licensee or firm shall disclose information communicated to the licensee or firm by the client relating to and in connection with services rendered to the client by the licensee or firm in the practice of public accountancy. Such information shall be deemed confidential; except that nothing herein shall be construed as prohibiting the disclosure of information required to be disclosed by the standards of the public accounting profession in reporting on the examination of financial statements or as prohibiting disclosures in court proceedings, investigations or proceedings under this act, in ethical investigations conducted by private professional organizations, or in the course of quality reviews.

L.1997,c.259,s.24.

45:2B-66 Disposition of records

25. a. All statements, records, schedules, working papers, memoranda or other records made by a licensee or a partner, shareholder, officer, director, member, manager or employee of a licensee or firm, incident to, or in the course of, rendering services to a client in the practice of public accountancy, except the reports submitted by the licensee or firm to the client and except for records that are part of the client's records, shall be and remain the property of the licensee or firm, unless there is an express agreement between the licensee or firm and the client to the contrary. No such statement, record, schedule, working paper, or memorandum shall be sold, transferred, or bequeathed, without the consent of the client or the client's designated representative or assignee, to anyone other than one or more surviving partners, shareholders, members or new partners, new shareholders, or new members of the licensee or firm, or any combined or merged firm or successor in interest to the licensee or firm. Nothing in this section shall prohibit any temporary transfer of working papers or other material necessary in the course of carrying out quality reviews or as otherwise interfering with the disclosure of information pursuant to this act.

b. A licensee shall furnish to a client or former client, upon request and reasonable notice:

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(1) A copy of the licensee's working papers or other records, to the extent that these would ordinarily constitute part of the client's records and are not otherwise available to the client; and

(2) Any accounting or other records belonging to the client, or obtained from or on behalf of the client, that the licensee or firm removed from the client's premises or received for the client's account. The licensee or firm may make and retain copies of such documents of the client when they form the basis for work done by the licensee or firm.

c. Nothing contained in this section shall require a licensee or firm to keep any working papers beyond the period prescribed in any other applicable statute.

L.1997,c.259,s.25.

45:2B-67 Quality Enhancement Program

26. a. The board may adopt regulations establishing a Quality Enhancement Program for the review of audits, reviews, compilations or other reports issued by licensees or firms engaged in the practice of public accountancy in this State to determine whether the reports comply with accepted accounting and auditing standards.

b. Each licensee or firm may be required to submit copies of audits, reviews, compilations or other reports as required by the board.

c. The Quality Enhancement Program established under this section may include procedures for review of the reports submitted and for follow-up reviews and remedial and other actions to be taken in cases of reports which are deficient or in some other manner are not in compliance with applicable accounting and auditing standards. The board may exempt firms which have reports reviewed under a program conducted by other states or other public or private entities which the board finds to be equal to or to exceed the Quality Enhancement Program established under this act.

L.1997,c.259,s.26.

45:2B-68 Continuing professional education required for license renewal; orientation, certain.

27. a. The board shall, as a condition for triennial license renewal, require any person licensed as a "certified public accountant," or "public accountant," to complete 120 credits of continuing professional education during the immediately preceding triennial period of licensure. Persons who are engaged in the practice of public accountancy, or are involved with the attest function in issuing an audit, review or compilation reports, shall have at least 24 of the required credits in the areas of accounting or auditing. Each credit of continuing professional education required pursuant to this section shall represent, or be equivalent to, 50 minutes of verified course attendance at a course or seminar approved by the board.

b. The board may, in its discretion, waive requirements for continuing professional

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education on an individual basis for hardship reasons such as health, military service, or other due cause and may establish a policy for the continuing education requirements for inactive or retired accountants who remain certified or registered.

c. The board shall not require completion of continuing education credits as a condition for triennial licensure for the initial renewal of licensure, however, any person licensed as a "certified public accountant" shall, within the first six months following initial licensure, complete an orientation course in topics identified by the board, and conducted by any organization recognized by the board as provided in subsection d. of this section.

d. The board shall:

(1) establish standards for continuing professional education, including the subject matter, contents of courses of study, and the number of credits required;

(2) accredit educational programs and sponsors of educational programs offering credit towards the continuing professional education requirements; and

(3) accredit other equivalent educational programs, such as teaching, conferences, professional seminars, technical reviews, courses with non-hourly attendance, including home study courses, and shall establish procedures for the issuance of credit upon satisfactory proof of the completion of these programs.

L.1997, c.259, s.27; amended 2007, c.70.

45:2B-69 Construction of terms

28. Whenever any law or regulation requires professional services to be performed by a certified public accountant, that requirement shall be construed to mean certified public accountant or public accountant.

L.1997,c.259,s.28.

45:2B-70. Requirements for qualification as registered municipal accountant

29. A certified public accountant or public accountant holding an active license shall qualify as a registered municipal accountant by passing a registered municipal accountant's examination. Only a registered municipal accountant licensed in this State shall undertake the work of auditing the financial statements of any municipality or county.

The board shall make all rules governing examinations and the issuance of licenses to registered municipal accountants.

The registration fee for a registered municipal accountant of New Jersey shall be established by the board, and shall be imposed for each triennial registration.

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L.1997,c.259,s.29; amended 2001, c.149, s.9.

45:2B-71 Continuing education required for registered municipal accountant

30. The board shall require any person licensed as a registered municipal accountant, as a condition for triennial licensure, to complete the required number of credits of continuing professional education as determined by the board during each triennial period of licensure. Persons who are engaged in the practice of municipal auditing shall have at least one-third of the required credits in the areas of accounting or auditing.

Each credit of continuing professional education required pursuant to this section shall represent or be equivalent to 50 minutes of verified course attendance at a course or seminar approved by the board.

L.1997,c.259,s.30.

45:2B-72 Municipal, county audit signed by RMA

31. A report of audit of a municipality or county shall be signed by the registered municipal accountant making the audit or in charge of the audit.

L.1997,c.259,s.31.

45:2B-73. Qualification as public school accountant

32. Any person who undertakes the work of auditing the financial statements of any school district in New Jersey shall qualify as a public school accountant (PSA) by:

a. Submitting an application to the board, demonstrating satisfactorily to the board that the individual holds an active license in New Jersey as a certified public accountant, public accountant, or registered municipal accountant, and paying the required fee; and

b. Renewing the license triennially and paying the required fee.

L.1997,c.259,s.32; amended 2001, c.149, s.10.

45:2B-74 School district audit signed by PSA

33. A report of audit of a school district shall be signed by the public school accountant making the audit or in charge of the audit.

L.1997,c.259,s.33.

45:2B-75 Current regulations unaffected

34. This act shall not affect the regulations currently in effect and promulgated by the board, and those regulations that are consistent with the purposes and provisions of this act shall continue with full force and effect until amended, modified or repealed by the board established pursuant to this act.